

**CORONADO SCHOOLS FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2011**

CORONADO SCHOOLS FOUNDATION

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CONSIDINE & CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors
Coronado Schools Foundation
201 Sixth Street
Coronado, CA 92118

Independent Auditor's Report

We have audited the accompanying statement of financial position of Coronado Schools Foundation, a nonprofit organization, as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coronado Schools Foundation, a nonprofit organization, as of June 30, 2011, and the results of its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



CONSIDINE & CONSIDINE
An Accountancy Corporation

September 23, 2011

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**CORONADO SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011**

ASSETS

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
CURRENT ASSETS				
Cash	\$ 340,938	\$ -	\$ -	\$ 340,938
Accounts Receivable	20,965	-	-	20,965
Prepaid Expenses	6,302	-	-	6,302
	368,205	-	-	368,205
PROPERTY & EQUIPMENT (Note 3)	4,093	-	-	4,093
OTHER ASSETS				
Long-Term Investments (Notes 5 and 6)	3,854,028	171,927	1,000,000	5,025,955
TOTAL ASSETS	4,226,326	171,927	1,000,000	5,398,253

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accrued Liabilities	8,705	-	-	8,705
Block Grants Due	309,971	-	-	309,971
Accrued Scholarships and Grants	19,150	-	-	19,150
Unearned Revenue	1,000	-	-	1,000
	338,826	-	-	338,826
TOTAL LIABILITIES	338,826	-	-	338,826
NET ASSETS	3,887,500	171,927	1,000,000	5,059,427
TOTAL LIABILITIES AND NET ASSETS	\$ 4,226,326	\$ 171,927	\$ 1,000,000	\$ 5,398,253

See Accompanying Notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES				
Special Events & Activities Revenue	\$ -	\$ 412,272	\$ -	\$ 412,272
Special Events & Activities Expenses	-	(116,670)	-	(116,670)
Net Special Events & Activities (Note 8)	-	295,602	-	295,602
Contributions	3,771,280	344,750	1,800	4,117,830
Interest and Dividend Income (Note 5)	90,836	29,362	121	120,319
Realized and Unrealized Gains (Note 5)	224,225	153,565	-	377,790
	4,086,341	823,279	1,921	4,911,541
Net Assets Released from Temporary Restrictions	651,352	(651,352)	-	-
	4,737,693	171,927	1,921	4,911,541
EXPENSES				
Program Services	747,132	-	-	747,132
Management and General	62,439	-	-	62,439
Fundraising	60,663	-	-	60,663
	870,234	-	-	870,234
INCREASE IN NET ASSETS	3,867,459	171,927	1,921	4,041,307
NET ASSETS, BEGINNING OF YEAR	20,041	-	998,079	1,018,120
NET ASSETS, END OF YEAR	\$ 3,887,500	\$ 171,927	\$ 1,000,000	\$ 5,059,427

See Accompanying Notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Awards	\$ -	\$ -	\$ 108	\$ 108
Bank Service Charge	-	6,380	-	6,380
Block Grant Expense	310,971	-	-	310,971
Board Retreat	322	-	-	322
Business Partners	1,482	-	-	1,482
Community Involvement	-	-	579	579
Depreciation	-	1,247	-	1,247
Designated Donations	3,095	-	-	3,095
Dues and Subscriptions	460	460	-	920
Endowment Management (In house)	-	1,000	-	1,000
Foundation Grant	39,990	-	-	39,990
In Kind Services	39,109	-	-	39,109
Insurance	-	9,241	-	9,241
Mosaic Program	25,474	-	-	25,474
Office	-	219	-	219
Operations	-	95	-	95
Payroll Service Fees	1,121	-	-	1,121
Payroll Taxes	3,891	2,779	4,447	11,117
Printing	-	-	140	140
Professional Services	-	6,400	-	6,400
Program Funding	214,024	-	-	214,024
PTA Support	27,449	-	-	27,449
Scholarships	27,765	-	-	27,765
Training and Seminars	3,513	-	-	3,513
Wages	48,466	34,618	55,389	138,473
TOTAL EXPENSES	\$ 747,132	\$ 62,439	\$ 60,663	\$ 870,234

See Accompanying Notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

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CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Increase in Net Assets	\$	4,041,307
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation		1,247
Program Expenses from Long-Term Investments		231,000
Realized and Unrealized Gain on Long-Term Investments		(377,790)
Loss on Disposal of Asset		413
Decrease in Accounts Receivable		20,553
Decrease in Prepaid Expenses		297
Increase in Accrued Liabilities		8,227
Increase in Block Grants Due		47,668
Increase in Accrued Scholarships and Grants		765
Increase in Unearned Revenue		1,000
Decrease in Due Endowment Fund		(28,885)
		(95,505)

NET CASH PROVIDED BY OPERATING ACTIVITIES

3,945,802

NET CASH USED BY INVESTING ACTIVITIES

Purchase of Property and Equipment		(2,793)
Contributions into Long-Term Investments		(1,800)
Donation of Securities and Bonds		(3,760,534)
Purchases of Long-Term Investments		(3,955,802)
Proceeds on Sales of Long-Term Investments		3,837,050
		(3,883,879)

NET INCREASE IN CASH

61,923

CASH, BEGINNING OF YEAR

279,015

CASH, END OF YEAR

\$ 340,938

See Accompanying Notes

CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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NOTE 1 THE FOUNDATION

The Coronado Schools Foundation (Foundation) was incorporated under the laws of the State of California in April, 1981 as a nonprofit community organization. The Foundation operates exclusively for educational and charitable purposes, in order to promote and help maintain quality education and the welfare of all the students within the boundaries of the Coronado Unified School District. The Foundation is supported primarily through partners in education - donations from parents and community members - as well as business partners in education and proceeds from special fundraising events. As of the 2010-2011 Foundation year, additional program funding is provided from the combined CSF Endowment Fund and Frances G. Harpst Legacy gift, with 4% of the corpus annually returned.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared using the accrual method in conformity with generally accepted accounting principles.

Basis of Presentation - The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. New standards were issued regarding classification of endowment funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Acts (UPMIFA) and enhanced disclosures in the endowment. The State of California adopted UPMIFA in October 2008. The Foundation adopted new standards effective July 1, 2009.

Estimates - Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Cash - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Foundation maintains its cash balances at a national commercial bank and two regional banks. The Foundation does not believe it is exposed to any significant credit risk on its cash balances.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life of 5 or 7 years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - The Foundation follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities. The adoption of fair value measurement has no material financial effects on the Foundation's financial statements.

Investments - The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the changes in net assets in the accompanying Statement of Activities. Investment income is recognized as revenue in the period it is earned. At June 30, 2011 the investments, held with an Independent Investment Manager, consisted of a mix of equity funds, corporate bonds and money market funds. The approximate mix at year end was 63%, 33% and 4%, respectively.

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted, increasing those net asset classes. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as temporarily restricted and then released from restriction in the same period.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation received \$61,856 in donated accounting, investment management services, office space rent, and other services for the year ended June 30, 2011.

Functional Allocation of Expenses - The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure and classification. Costs that are common to several functions allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Foundation's management.

Income Taxes - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Franchise Tax Code.

The Foundation adopted accounting standards which clarify the accounting uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statements and recognition and measurement of a tax position taken or expected to be taken in the tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. The adoption of these standards did not have material effect. As of June 30, 2011, the Foundation has not accrued interest or penalties related to uncertain tax positions. The Foundation is no longer subject to examination by U.S. and California tax authorities for the years before 2007 and 2006, respectively.

**CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Office Equipment	\$ 4,980
Accumulated Depreciation	(887)
	\$ 4,093

NOTE 4 FAIR VALUE MEASUREMENT

The Foundation follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets carried at fair value and measured on a recurring basis at June 30, 2011 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Equity Funds	\$ 3,159,028	\$ -	\$ -	\$ 3,159,028
Corporate Bonds	1,680,144	-	-	1,680,144
Money Market Funds	186,783	-	-	186,783
	\$ 5,025,955	\$ -	\$ -	\$ 5,025,955

Investments in equity funds, corporate bonds and money market funds are revalued at market prices in active markets and are classified as Level 1.

**CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2011:

	Cost	Fair Value
Equity Funds	\$ 2,850,347	\$ 3,159,028
Corporate Bonds	1,692,575	1,680,144
Money Market Funds	186,783	186,783
	\$ 4,729,705	\$ 5,025,955

The following schedule summarizes the Foundation's return on long-term investments and its classification in the Statement of Activities for the year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$ 89,269	\$ 29,362	\$ 121	\$ 118,752
Realized and Unrealized Gains	224,225	153,565	-	377,790
Total Investment Return	\$ 313,494	\$ 182,927	\$ 121	\$ 496,542

NOTE 6 ENDOWMENT FUND

The Policy Manual of the Foundation prescribes that an Endowment Fund shall be maintained for the purpose of ensuring the Foundation's continued financial viability. It has been the goal to reach a balance of \$1,000,000 by depositing 10% annually of the annual excess of revenues over operating expenses and designated or restricted contributions. Prior to reaching that level, income and capital gains earned by the Endowment Fund has been reinvested and considered part of the principal of the Endowment Fund. The \$1,000,000 threshold was reached during the 2010-2011 Foundation year.

The Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment finds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 ENDOWMENT FUND (Continued)

The endowment funds are reported as long-term investments on the statement of financial position.

As of June 30, 2011, the Foundation held in trust four sub-endowment funds in addition to its General Endowment Fund. The sub-endowment funds are the Shelia Davis Lawrence (SDL) Endowment Fund, Burke Couture Endowment Fund, Robert J. Oliver (RJO) Scholarship Fund and the Patricia Davies Scholarship Fund. The details are summarized as follows:

SDL Endowment Fund - The Foundation received an endowment for the purpose of providing a portion of investment income and capital gains to the Foundation to be used for program expenses.

Burke Couture Endowment Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the Coronado Unified School District who will attend either University of San Diego or University of California San Diego.

RJO Scholarship Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the Coronado Unified School District who will be attending a college or university in the following Foundation year.

Patricia Davies Scholarship Fund - Coronado High School received an estate gift to fund an annual scholarship for an eligible student within the senior class of the Coronado Unified School District. These funds were invested in the Foundation's endowment fund.

The Foundation has the following endowment related activities and changes in endowment net assets for the year ending June 30, 2011:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets,			
Beginning of Year	\$ -	\$ 998,079	\$ 998,079
Contributions	-	1,800	1,800
Investment Income	182,927	121	183,048
Amounts Appropriated for Expenditure	(11,000)	-	(11,000)
Investment Fees	-	-	-
Endowment Net Assets,			
End of Year	<u>\$ 171,927</u>	<u>\$ 1,000,000</u>	<u>\$ 1,171,927</u>

Endowment net asset composition by type of restriction as of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Net Assets
Donor-Restricted				
Endowment Funds	<u>\$ -</u>	<u>\$ 171,927</u>	<u>\$ 1,000,000</u>	<u>\$ 1,171,927</u>

**CORONADO SCHOOLS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 NET ASSETS

Net assets consist of the following at June 30, 2011:

Unrestricted	\$ 33,472
Unrestricted - Board Designated	3,854,028
Temporarily Restricted	
Endowment Funds	171,927
Permanently Restricted	
Endowment Funds	1,000,000
Total Net Assets	\$ 5,059,427

During the year, the Foundation received the unrestricted Frances G. Harpst Legacy gift of approximately \$3,800,000 in stocks and bonds. Per the Foundation's Investment Policy, all stocks and bonds were liquidated with Board approval within 60 days of receipt. The Legacy Fund is currently being managed per the Foundation's Investment Policy. The Foundation's Board of Director's has allocated the gift and it's earnings to Unrestricted - Board Designated Net Assets as it is establishing a supporting 501(c)3 organization to manage this gift and and the general endowment as combined funds, with 4% of the corpus returned annually to the Coronado Schools Foundation for program support.

NOTE 8 SPECIAL EVENTS AND ACTIVITIES

Revenues and expenses from Special Events and Activities are directly related to fundraising and consist of the following:

Revenue:	
Benefit Auction Contributions	\$ 196,165
Supporter/Telethon Donations	169,447
Benefit Auction Ticket Sales	46,660
	412,272
Expenses:	
Benefit Auction	64,949
Supporter/Telethon	51,721
	116,670
Net Special Events and Activities	\$ 295,602

NOTE 9 SUBSEQUENT EVENTS

The Foundation has evaluated events through September 23, 2011, the date at which the financial statements were available to be issued, and no material subsequent events requiring disclosure occurred.